Europe Awaits New Political Crisis When Germany Fails to Pay on May 1

Berlin Expected to Offer Fresh Proposal. Which Is Already Being Rejected by Press: Withers Calls British Position Unfortunate

By Hartley Withers
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LONDON, April 17.—It is an unfortunate mischance that just at the moment when a critical position in European politics is likely to arise England is distracted by the most severe industrial crisis in her history.

As May 1 approaches the British and Continental jingoes are beginning to fulminate about what is going to be done if Germany defaults payment due at that time. Occupation of more German territory is threatened, but this can only have the effect of further embittering the populace and making worse conditions which are now almost impossible.

Attempts to extort payments from Germany by measures already adopted have been shown to be futile, but those whose one idea of statesmanship is to perpetuate the war feeling only clamor for more of the same stuff.

New Offer Expected

It is generally believed Germany will make fresh offers of settlement before May 1 and the French papers are already deciding—before hearing the new offer—that it cannot be entertained. The English papers are preparing to back the French in this contention.

There seems to be no hope of return to real international peace as long as these lines are followed. The British government is really desirous of peace and a settlement of the reparations question, but feels obliged to back the Allies. The government, moreover, cannot give proper attention to foreign questions while harassed with an industrial crisis at home.

There is a great opportunity for your government to bring peace to Europe, and since the question is largely financial its claims on Europe's finances give it both the reason and the weapon.

All reasonable people here welcome its stated determinations, save perhaps in the matter of mandates, but since American interests urge this policy logic seems to suggest that the same interests make it impossible for America to view with indifference her European debtors frittering away one another's resources by continual bickerings about indemnity payments involving costly military operations and retaliatory measures which only damage both parties.

The London conference brought the parties concerned to within a measurable degree of agreement and might have produced a settlement if it had been more reasonably conducted. Germany's power to pay a considerable sum is undoubted, as all accounts agree concerning the expansive power of her industry if encouraged by a fair settlement.

Since the Allies' power to meet their obligations to America depends largely upon receipt of the German payments, the settlement of the whole question evidently closely concerns America.

In the mean time England's financial and industrial recovery has been seriously retarded by the labor crisis. The coal strike is already costing the country more in actual revenue—apart from the indirect effects of the action—than the subsidy required to meet the recent loss on the mines. Nevertheless it is felt the government was right in refusing to grant the subsidy, because, if it had been granted to one industry it obviously would encourage claims from others affected by the trade depression.

Would End Government Control

Opinion here is strongly in favor of ending government control in all departments of industry and fiannce and it is recognized that a system of subsidizing one industry from taxes gathered from others is utterly indefensible. The sudden haste shown in withdrawing from control of the coal industry as soon as it became unprofitable, however, was naturally considered unfair by the workers, who as a consequence found themselves threatened with incomes seriously reduced. This point was practically conceded by the government, which expressed a readiness to give temporary assistance by means of a loan to the industry.

The decision to insist upon the national wage agreements brought a crisis, especially as the decision of the railway men to support the miners by a sympathetic strike threatened to tie up the country's whole industry. It is doubtful, however, whether the railway men would have supported their leaders' decision with real heartiness, and so it became evident to all workers that the policy of a general strike was suicidal and might have results fatal to the power of trade unions.

Public Attitude Influential

It was probably for this reason that the strike set for Friday night was delayed, although it was said it was for renewed discussion of the situation. Every delay increases the difficulty of maintaining strike enthusiasm.

The union leaders were also influenced by the prompt measures taken by the government and the readiness of the public to enter service to preserve order.

Public opinion favors the claim of the workers to a standard of living better than pre-war days, but sees that this is possible only through better work and better management.

Present diminished production and high costs make it impossible to maintain such a standard, but the workers apparently think some mysterious fund can be tapped quite apart from production.

Suffers From Faulty Education

Thus England is suffering from faulty education of the working classes, especially in economic matters. Living as she does on worldwide trade, she clearly cannot maintain even a pre-war standard unless she can sell goods abroad in competition with foreign producers.

This truism is ignored by labor's claim for easier work and a higher standard.

The financial center took the crisis with wonderful calm. The government has taken a step toward decontrol of the money market by offering Treasury bills partly by tender, which in effect means that the price on the bills will be fixed by bankers and bill brokers instead of by the Treasury. The movement is welcomed as an indication of a return to a normal money market. It is also thought that this means easier money rates in the future, though this hope has been temporarily checked by the miners' strike.

The Week's Bond Market

Government and Municipal Bonds

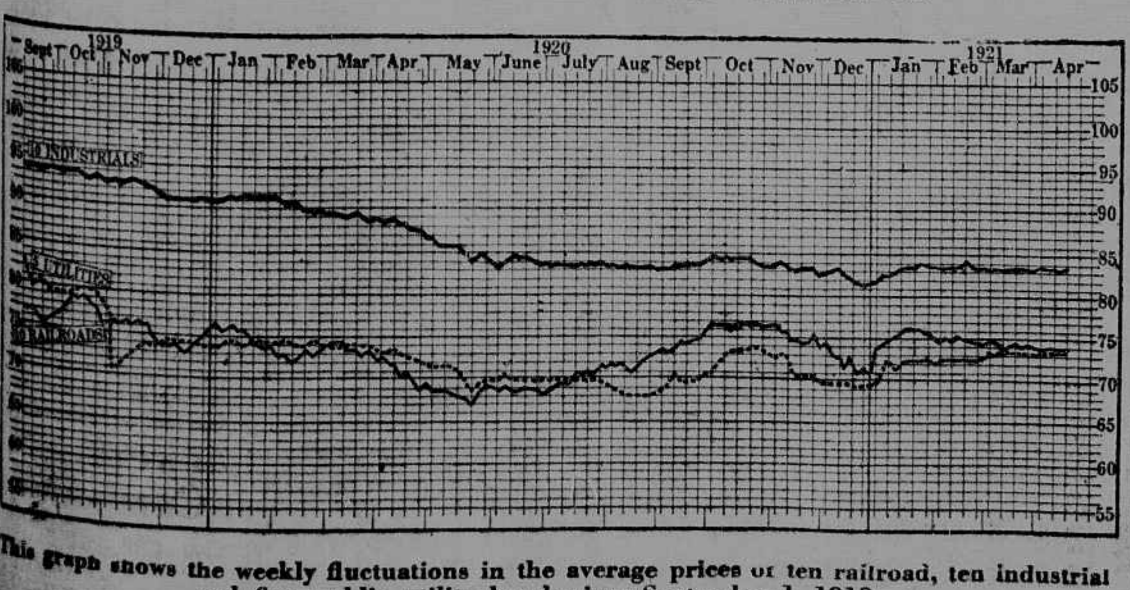
Sales.		Week's close.	1921 High.	1921 Low.
[illegible]				

Railway and Other Bonds

Sales.		Week's close.	1921 High.	1921 Low.
1	do 4½s, C & A div.	79	84½	77½
1	do 4s, Rocky M div.	71		66
4	At & Ch Air L 5s s B.	84½	92¼	87½
5	At Coast Line 7s	101	102¾	100¾
2	do unified 4½s	76	78¼	72½
[illegible]				
1	Col Fuel & I gen 5s	78½	82	76½
2	Col Industrial 5s	70½	71	60
20	Col & South 1st 4s	82½	84	79¾
9	do rfg 4½s	73	75½	72
16	Colum Gas & Elec 5s	84¼	89¼	81¼
[illegible]				
2	L&N-So Ry Monon jt 4s	65½	71½	65½
7	Manhattan Ry con 4s	56¾	58	54
6	do con 4s, tax ex	56½	60	53
11	Mich Cent deb 4s, 1929	75	79¾	73
[illegible]				

Sales.		Week's close.	1921 High.	1921 Low.
70	Union Pacific 6s	98⅝	101¼	98
101	do 1st 4s	79⅞	84½	79⅝
10	do cvt 4s	84	84¾	81½
14	do rfg 4s	74½	80½	74½
35	Un Tnk Car 7% notes	100½	101⅝	100½
2	Un RR of San Fran 4s	31½	36⅞	31½
72	do 4s ctfs of dep	30	35½	25
11	Un Ry I 1st 5s Pitts is	69	70	65
23	U S Realty & Imp 5s	87¼	87¾	79¾
95	U S Rubber 7½s 1930	101¼	101½	95¾
33	do 7s	98½	100½	94⅞
65	do 5s	78¾	79½	75½
10	U S Smelt Ref & M 6s	89½	94½	89½
134	U S Steel s f 5s	95⅝	96	93
54	Utah Pwr & Light 5s	80¼	81	76
57	Va-Car C tem db 7½s	91⅞	93¾	91¼
2	do cvt deb 6s	90¼	95¼	90
7	do 1st 5s	92½	94	90
1	Va Midland gen 5s	86¼	86¼	86¼
14	Virginian Ry 5s	81½	85⅛	81
2	Wabash 1st 5s	85¾	90	84½
6	do 2d 5s	73¾	80	73
21	Western Electric 5s	96	96	92¾
20	Western Maryland 4s	53	56½	51½
2	West N Y & P gen 4s	62⅝	62⅝	60¼
25	Western Pacific 5s	81	85	81
3	Western Penn Pwr 5s	70	70	70
2	Westn Union col tr 5s	83	85½	82½
1	do real est 4½s	79	81	77½
256	Westinghouse Elec 7s	99¾	100¾	94¾
8	West Shore 4s	71	74½	67½
10	do 4s reg	67½	73	66
2	Wheel & L Erie 4½s	47⅝	55	47⅝
3	Wickwire-Sp Stl 7s	95	95	92½
21	Wilson & Co 1st 6s	89⅝	90¼	86
86	do cvt 6s	84	87½	80¾
11	Wisconsin Cent gen 4s	69	71	68½

Course of the Bond Market



This graph shows the weekly fluctuations in the average prices of ten railroad, ten industrial and five public utility bonds since September 1, 1919

Reduction in Deposits And Borrowings Shown

Reserve Bank Reports Decrease in All Classes of Loans Between April 1 and April 8

From The Tribune's Washington Bureau

WASHINGTON, April 17.—Liquidation of loans and investments and reductions in deposits and borrowings from the Federal Reserve banks is indicated by the Reserve Board's weekly statement of condition, April 8, of 820 member banks. Owing largely to withdrawals of bank balances demand deposits of New York City banks show a larger decline than their loans and investments, while their borrowings show an increase.

All classes of loans decreased between April 1 and April 8, loans secured by government obligations, by $3,000,000; secured by stocks and bonds, by $46,000,000, and all other loans and discounts by $45,000,000. For the New York City members a nominal increase was noted in loans secured by government obligations, and decreases of $7,000,000 and $16,000,000, respectively, in loans secured by stocks and bonds and in all other loans and discounts. The reduction in total loans and discounts was $94,000,000 for all reporting banks, and $22,000,000 for the New York City banks.

Slight increases in the holdings of United States bonds and Victory notes, as against decreases of $13,000,000 in holdings of Treasury certificates and of $20,000,000 in those of corporate securities are noted. In New York City holdings of United States bonds and Victory notes increased by $3,000,000, while certificate holdings declined by $10,000,000 and corporate securities on hand by $8,000,000. As a result of these changes, total loans and investments of all reporting banks show $126,000,000 smaller, and those of the New York City members $37,000,000 smaller than the week before.

Accommodation of reporting banks at the Federal Reserve banks decreased from $1,685,000,000 April 1 to $1,631,000,000 April 8, and constituted 10.3 per cent of the banks' total loans and investments on that date, compared with 10.6 per cent on the previous Friday. On the other hand, accommodations of the New York City member banks at the local Federal Reserve Bank show an increase for the week from $533,000,000 to $560,000,000 and the ratio of accommodation an increase from 10.3 to 10.9 per cent.

Government deposits declined about $22,000,000 for all reporting banks and $8,000,000 at New York City.

Financial Item

All America Cables, Inc., will open its fifth branch office in New York City [illegible] Cortlandt Street this morning [illegible]